

# SPOTLIGHT

A PUBLICATION FOCUSING ON LOSS PREVENTION INFORMATION FROM THE RISK MANAGEMENT DIVISION OF WASHINGTON STATE'S OFFICE OF FINANCIAL MANAGEMENT

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## Loss Prevention Focus Features State Drivers



Two years ago, the Risk Management Division embarked on its first loss prevention focus—reducing auto accidents of state drivers. The “loss prevention focus” concept is one way to bring attention to a particular safety or risk management issue. Local government entities have used the “focus” approach for many years. It involves diverting limited loss prevention resources for a period of time to address a single category of loss or risk where claims/losses are already high (frequency or severity), or show an increasing trend. The benefits of concentrating loss prevention efforts in this manner are twofold.

First, trend analysis can be concentrated in one area of loss rather than spreading analysis activities over a variety of loss indicators. With more in-depth analysis, comes an opportunity to pinpoint more specific loss prevention strategies needed to reduce losses associated with the risk being focused. Also important, is selection of a topic that impacts and has relevance across agency lines.

Secondly, concentrating loss prevention efforts in one area of risk makes it easier to measure results. The “focus” approach make take many forms, including comprehensive data analysis, problem solving and discussion forums, strategy and goal setting sessions, action plan development, education, training, publicity, etc. When the emphasis period is over and all action items implemented, periodic data analysis reports will reveal the results of the loss prevention focus efforts. Obviously, it is impossible to capture and measure accidents or claims that may have been avoided because agencies implemented risk control measures. However, overall—the data for the “focused” area of risk, should reveal an emerging trend for reduction of claims or losses that is sustained over time.

## FAST FACT

### FY 2003 Payout Highlights

In FY 2003, the Risk Management Division paid out a total of \$40,851,803 in indemnity costs, and \$17,868,108 in defense costs.

## Commercial Insurance Update

### Enrich Your “Risk Management” Word Power



#### EMPLOYEE DISHONESTY

**INSURANCE:** May also be referred to as a Fidelity Bond. Covers money and securities against loss caused by employee dishonesty. Can also be used to cover other types of crime losses.

#### EMPLOYERS LIABILITY

**(“STOP GAP”) COVERAGE:** Provides coverage for an employer's common law liability for bodily injury to employees arising out of and in the course of their employment. Intended to cover the gaps between Worker's Compensation (Title 51 RCW) and CGL insurance, where a worker has a cause of action for or an injury.

#### UMBRELLA LIABILITY

**INSURANCE:** Excess coverage above limits of a basic business liability insurance policy. If the basic (primary) policy limit is exhausted by claims, the umbrella will pay excess up to the umbrella limit.

**TORT:** In general a civil wrong (opposed to a criminal wrong) other than breach of contract, for which a court may provide a remedy.

**FLOATER:** Coverage for property which moves from one location to another. A floater can cover property in transit as well as when it reaches its destination.

*For questions about commercial insurance, contact Nancy Heyen at 360-902-7301 or [nancy.heyen@ofm.wa.gov](mailto:nancy.heyen@ofm.wa.gov).*

**2004 Spotlights New  
Loss Prevention  
Focus**

With the State Administrative and Accounting Manual (SAAM) policy changes for state vehicles and drivers steering towards completion, the Loss Prevention Sub-Committee (LPSC) met on January 21, 2004 to address a new loss prevention "focus". Like the previous focus (reducing state vehicle accidents), the new focus also "crosses agency lines" as an important area for risk management.

Claims data from the Risk Management Division and the Office of Attorney General provide an insight into the current trends associated with employment-related claims filed by Washington state employees. The committee determined that reviewing trends of other states would also provide valuable insight and information that could be used in developing loss prevention strategies. Therefore, a small survey of other states will be conducted by the Risk Management Division to gather information on how other states manage risk and employment practices.

After analyzing the data, and discussing employment practices risk, the LPSC members targeted the following key topics to address.

- Sexual Discrimination
- Retaliation
- Training
- Evaluations – Employee Reviews
- Administrative Process for Employee (Employment) Claims
- Hiring Process
- Tools for Supervisor

At its April 14, 2004 meeting, the LPSC plans additional analysis, guest speakers, and strategic planning to address the key employment practices topics.

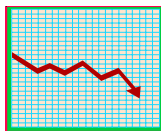
**2001-2003 Loss Prevention Focus -  
Reduction of State Driver Accidents**

The Risk Management Division's 2001- 2003 focus, reducing state vehicle accidents, is wrapping up. As detailed in the front page article, "focusing" on preventing loss can take many forms. The following summarizes Risk Management Division focus strategies to assist agencies in reducing state driver accidents.

**New Vehicle Chapter in SAAM - Greater  
Emphasis on Loss Prevention**

A major component of the focus involved expanding and improving the State Administrative and Accounting Manual (SAAM) policies pertaining to state drivers and vehicles. The changes—with more emphasis and information on loss prevention and insurance coverage—culminated a busy year of work by the Loss Prevention Sub-Committee. The Risk Management Advisory Committee approved the Sub-Committee's final SAAM loss prevention recommendations at its December 2003 meeting.

The most sweeping change is combining all existing SAAM policies relative to state vehicles and drivers into a separate, new section titled "Transportation". Policies for other modes of travel also will be included in the transportation chapter. Improved formatting will help state drivers to easily access these important new policies. The new policies are tentatively scheduled for completion by the end of March 2004.

**Vehicle Accident Data Package for Trending**

Developing loss prevention strategies begins with an analysis of accident trends. To provide agencies with detailed vehicle accident data, the Risk Management Division developed a package of six auto loss history reports to help pinpoint risk management trends and issues for each agency, as well as provide information on statewide vehicle accident trends. Agencies with vehicle incidents or accidents in the selected reporting period will receive the electronic reports on a quarterly basis so they can *track* their loss prevention progress.

**State Drivers Take Center Stage - "Safe  
Driving: A State of Mind" Video Production**

State government has a large fleet of vehicles and drivers who provide an array of services to the citizens of Washington State. To help agencies communicate and foster the message that safe driving is a "state of mind", the Risk Management Division teamed with the Department of Information Services' Interactive Technologies to produce a 12-minute video.

Governor Gary Locke makes introductory remarks in the video. His words sets the stage for the safety message, which includes testimonials from state traffic safety experts and real state employee drivers who have a personal safety message to share. The video provides basic, but important reminders about safe driving habits. These are habits to foster while driving anytime—but especially when at the wheel of a state vehicle or driving personal vehicles on official state business. The video, which is still in production at this printing, will have streaming capabilities. Other formats also will be available to meet agencies' technical needs. Agencies will be notified when the video is available for use.

**New Risk Management  
Publication Launched**

In January 2004, the Risk Management Division launched a new publication —*Risk-E-Education*. Unlike *Risk-E-Mail*, which provides "sound bites" of information on a variety of topics twice a month, *Risk-E-Education* provides more in-depth treatment of selected risk management topics. Topics may range from "hot button" to routine, and will be published on a periodic, "as needed basis", rather than a regular schedule.

The first special edition of *Risk-E-Education* features an overview of information and tips for writing policies and procedures that are both effective and minimize risk for agencies. The series of six articles runs from January-April 2004 as a special edition to *Risk-E-Mail*.

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**RMD Moves to New  
Office**

In January 2004, the Risk Management Division moved from its previous location at 301 General Administration Building to 300 General Administration Building—literally right across the hall. Everyone settled in to a space more accommodating to current staff and programs. Phone and fax numbers and mailing address remain the same—only the GA room number (300) has changed.